

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF JACKSON PURCHASE)	
ELECTRIC COOPERATIVE CORPORATION FOR)	
AN ORDER PURSUANT TO KRS 278.300 AND)	
807 KAR 5:001, SECTION 11 AND RELATED)	CASE NO.
SECTIONS, AUTHORIZING THE CORPORATION)	93-412
TO BORROW AN AMOUNT NOT TO EXCEED)	
\$1,921,000.00 FROM THE NATIONAL BANK)	
FOR COOPERATIVES)	

O R D E R

Jackson Purchase Electric Cooperative Corporation ("Jackson Purchase") filed its application on November 3, 1993 for approval to borrow funds from the National Bank for Cooperatives ("CoBank") and to execute its notes for such loan. The proceeds of this loan will finance Jackson Purchase's 1992-1993 Work Plan in Case No. 92-014¹ and in an Order in Case No. 92-462². This Work Plan calls for improvements and additions which are estimated to cost \$4,530,850 and in Case No. 92-402 the Commission approved the construction of new facilities to serve the Paducah Information Age Park at a cost of \$1,828,950. This results in total construction

¹ Jackson Purchase received a Certificate of Public Convenience and Necessity for the 1992-1993 Work Plan in Case No. 92-014, Application of Jackson Purchase Electric Cooperative Corporation For a Certificate of Convenience and Necessity Pursuant to KRS 278.020(1) and 807 KAR 5:001, Section 9, and Related Sections, Authorizing Certain Proposed Construction, Order dated April 10, 1992.

² Case No. 92-402, Application of Jackson Purchase Electric Cooperative Corporation For a Certificate of Convenience and Necessity Pursuant to KRS 278.020(1) and 807 KAR 5:001, Section 9, and Related Sections, Authorizing Certain Proposed Construction, Order dated May 4, 1993.

costs of \$6,359,800 which will be financed by a \$4,483,000 loan from the Rural Electrification Administration ("REA") and a \$1,921,000 loan from CoBank. Jackson Purchase explained that the REA Field Representative prepared the loan documents and that 6 months of actual cost and 18 months of estimated cost were used to determine the amount of financing to be requested, instead of the two year Work Plan estimates. The 6 months of actual cost exceeded the estimate in the 1992-93 Work Plan by \$44,200.

Jackson Purchase included in its application copies of correspondence approving the REA loan and the CoBank loan.

The Commission, after consideration of the evidence of record and being advised, finds that:

1. The proposed loan from CoBank is for lawful objects within the corporate purposes of Jackson Purchase, is necessary and appropriate for and consistent with the proper performance by Jackson Purchase of its service to the public, and will not impair its ability to perform that service.

2. Jackson Purchase is capable of executing its notes as security for the loan as stated herein.

3. Jackson Purchase should select the interest rate program which will result in the net lowest cost of money to it over the term of the financing.

4. Within 10 days of its selection of the interest rate program, Jackson Purchase should notify the Commission in writing of the interest rate program selected and of the reasons for its selection.

5. The proceeds from the proposed loans should be used only for the lawful purposes set out in Jackson Purchase's application.

6. Jackson Purchase should include in its monthly financial report to the Commission the current interest rate on its outstanding variable rate loans.

7. As the issuance of securities or evidences of indebtedness subject to the control of a federal governmental agency does not require Commission approval, pursuant to KRS 278.300(10), and as the REA is an agency of the federal government, no action on Jackson Purchase's proposed loan from the REA is required.

IT IS THEREFORE ORDERED that:

1. Jackson Purchase be and it hereby is authorized to borrow \$1,921,000 from CoBank for a 35-year period and bearing either a fixed or variable interest rate, as chosen by Jackson Purchase, at the time the first monies are drawn from CoBank, subject to the provisions and terms of the application with respect to renegotiation of the interest rate.

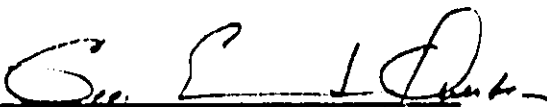
2. Jackson Purchase be and hereby is authorized to execute its notes as security for the loan herein authorized.

3. Jackson Purchase shall comply with all matters set out in Findings 3 through 6 as if they were individually so ordered.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 22nd day of December, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director